

National Center on Poverty Law
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April 8, 1999

VIA FAX (202) 622-0962

Mr. Roger Bezdek, Senior Advisor
Office of the Assistant Fiscal Secretary
U.S. Department of the Treasury
Room 2112
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Comments on ANPRM 31 C.F.R. Chapter II, RIN 15055-AA74

Dear Mr. Bezdek:

The National Center on Poverty Law strongly encourages the U.S. Department of Treasury to prohibit financial institutions from entering into arrangements with payment service providers to deliver federal payments. The National Center on Poverty Law (NCPL) is a not-for-profit communications, advocacy, and policy organization that fosters and develops creative approaches to policy research, development, analysis, and advocacy on issues affecting low-income communities.

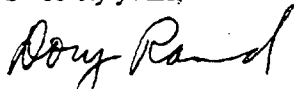
NCPL works with low-income families and individuals, state welfare agencies, elected officials, clients is crucial nonprofit organizations, and others to help low-income persons obtain the skills, resources, and supportive services they need to escape poverty and participate in the economic mainstream. Access to mainstream financial services and financial literacy education for our low-income persons is crucial to these efforts.

NCPL's staff attorneys have decades of experience dealing with low-income clients who have been taken advantage of by predatory check cashers, rent-to-own stores, and payday lenders. Until recently, most of these clients were unable to open traditional bank accounts. Our work with financial institutions to make ETA and other low-cost accounts available for low-income consumers would be severely hampered if Treasury were to fail to regulate and prohibit payment service provider participation in the EFT program.

The trend toward electronic delivery of state and federal payments will save state and federal governments millions of dollars. We feel strongly that Treasury must protect these recipients from the well-known abuses by payment service providers (see examples in the comments from the National Center on Consumer Law) and that a portion of the savings from EBT and EFT must be reinvested in financial literacy programs for the payment recipients.

For these reasons and those stated in the National Consumer Law Center's comments, we ask you to prohibit payment service provider participation in the EFT program.

Sincerely yours,



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